

MARKET SUMMARY

Complete Recap of Today's Market Activity

Weaker in Europe, But Reasonably Resilient in Early US Trading

Market Summary: Friday, December 27, 2024 - 1:20PM

Not that any of this week's trading activity matters in the bigger picture, but things have been reasonably resilient after Monday's selling. Tuesday and Thursday saw more selling, but each day ended with a solid recovery. Thursday was especially solid with help from the 7yr Treasury auction. In today's overnight session, European markets reopened after the X-mas holiday with a moderate spike in yields. This pulled US yields higher, as is typically the case, but US traders (all 3-4 of them who are in the office today) are pushing back in early US trading.

Latest Video Analysis



Friendly Reversal Thanks to 7yr Treasury Auction



**Brian and Debra
Brady**

Residential and Commercial
Real Estate Finance,
Homeplus Mortgage

BradyMortgage.com

P: (858) 699-4590

M: (727) 275-0104

San Diego, CA

Tampa FL 33602

NMLS 339261

NMLS 2415712



MBS & Treasury Markets

UMBS 5.5	98.46	-0.10	10YR	4.626%	+0.049%	12/27/2024 5:00PM EST
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MBS MORNING: Have You Heard The One About "Path of Least Resistance?"

MBS MORNING: Time For One of Those "Path of Least Resistance" Headlines

Today's Mortgage Rates

30YR Fixed 7.11% -0.01%

15YR Fixed 6.47% -0.01%

12/27/2024

Mortgage Rates Start Higher, But Recover in Afternoon

are based on trading levels in the bond market and bond market activity has been extremely slow, as is normally the case during the Christmas holiday week. The side effect of the slow activity is the risk of more random volatility. In other words, bonds (and thus rates) can move in either direction (or in both directions on the same day) for no apparent reason.

Today was one of those "both directions" days. At the start of the day, bonds were at their weakest levels in months. As such, it was logical to see mortgage rates begin the day near their weakest levels in months. Fortunately, the worst was over early in the day and bonds improved steadily from then on out.

Mortgage lenders prefer to set rates once per day and they typically only change when bonds move enough. Today's improvement was enough for most lenders to make friendly adjustments by the afternoon. After those improvements, the average lender was back near the levels seen on Tuesday, and slightly below last week's highs.

Top tier conventional 30yr fixed rates continue to operate near the 7.125% mark.

Time	Event	Actual	Forecast	Prior
Friday, Dec 27				
8:30AM	Nov Retail Inventories Ex Autos MoM Adv	0.6%		0.1%
8:30AM	Nov Wholesale inventories mm (%) ☆	-0.2%	0.2%	0.2%
8:30AM	Nov Goods Trade Balance Adv	\$-102.86B	\$-100.7B	\$-99.08B
10:30AM	Dec/20 Nat gas-EIA, change bcf	-93Bcf	-99Bcf	-125Bcf
1:00PM	Dec/20 Crude Oil Inventory (ml)	-4.237M	-2M	-0.934M
1:00PM	Dec/20 EIA Crude Oil Imports Change	0.995M		-1.131M
1:00PM	Dec/20 EIA Distillate Stocks Change	-1.694M	-0.7M	-3.18M
1:00PM	Dec/20 EIA Cushing Crude Oil Stocks Change	-0.32M		0.108M
1:00PM	Dec/20 EIA Distillate Fuel Production Change	0.178M		-0.135M
1:00PM	Dec/20 EIA Refinery Crude Runs Change	0.205M		-0.048M
1:00PM	Dec/20 EIA Gasoline Production Change	0.051M		-0.173M
1:00PM	Dec/20 EIA Heating Oil Stocks Change	-0.062M		-0.304M
1:00PM	Dec/20 EIA Gasoline Stocks Change	1.63M	-1M	2.348M
1:00PM	Dec/27 Baker Hughes Oil Rig Count	483	483	483
1:00PM	Dec/27 Baker Hughes Total Rig Count	589		589
Monday, Dec 30				
9:45AM	Dec Chicago PMI ☆		42.8	40.2
10:00AM	Nov Pending Home Sales YoY			5.4%
10:00AM	Nov Pending Home Sales (%) ☆		0.7%	2%
10:30AM	Dec Dallas Fed Manufacturing Index			-2.7
11:30AM	26-Week Bill Auction (bl)	84		
11:30AM	6-Month Bill Auction			4.170%
11:30AM	3-Month Bill Auction			4.240%
11:30AM	26-Week Bill Auction (bl)		72	
1:00PM	26-Week Bill Auction (bl)	75		

Recent Housing News

- New Homes Sales Bounce Back After Hurricane Season
- Highest Existing Home Sales Since March
- Modest Refi Surge Was Fun While it Lasted

Once Again, Mortgage Rates Shoot Higher After a Fed Rate Cut

"If anything on Fed day ends up having an impact on mortgage rates, it would have to be changes in the Fed's rate outlook and/or comments from Fed Chair Powell during the press conference that follows the rate announcement." That's how we closed out last week's newsletter , and there were certainly some changes! The gist was that mortgage rates often correlate very poorly with changes in...

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